TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

SR 170

January 6, 2010

SUMMARY OF BILL: Directs the Commissioner of Revenue to conduct a comprehensive analysis of data collected from Form FAE 170 (the supplemental "Intangible Expense Disclosure Form) since 2004. Requires the Commissioner to report results of analysis to the Speakers of the Senate and House of Representatives no later the September 1, 2009 [sic].

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - $36,600/One-Time

Assumptions:

- The analysis includes the total amount of deductions taken each year since 2004, the amount of revenue that would be recovered by eliminating the deductions (also a year-by-year accounting), the number of companies taking the deductions each year, and the total amount of franchise and excise taxes paid by those companies for each of the five years.
- Information collected, analyzed, and reported to the Speakers of the Senate and House of Representatives would be reported no later than September 1, 2010.
- Based on information received from the Department of Revenue (DOR), the Department would require additional resources to complete the comprehensive analysis.
- Additional resources would be required to program, retrieve, correlate, and analyze five years of data. It would also require the Division of Information Technology Resources (ITR) and the Research office working with the assistance of the Office of Information Resources (OIR) within the Department of Finance and Administration.
- Based on the information provided by DOR, the Department would require additional resources equivalent to one additional position for a period of time until the analysis was completed and presented to the Speakers. The position required would be equivalent to a Tax Auditor 3 position.
- The annual cost for one Tax Auditor 3 position is estimated to be $62,843 per year ($36,972 salary; $12,576 benefits; and $13,295 other).
- The additional resources would be required for a period of seven months (February 2010 through August 2010). Seven months is equivalent to 58.3 percent of a 12-month

calendar year. Therefore, the one-time increase to state expenditures is estimated to be $36,600 ($62,843 x 58.3% = $36,637).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

James W. White, Executive Director

/rnc